

**BY-LAWS OF THE
CHARTERWOOD COMMUNITY IMPROVEMENT ASSOCIATION
AS AMENDED ⁽¹⁾**

**ARTICLE I
Name and Location**

The name of the corporation is CHARTERWOOD COMMUNITY IMPROVEMENT ASSOCIATION, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 9818 Rodgers Road, in the Charterwood Subdivision, County of Harris, Texas, but meetings of the Members and Directors may be held at such places within the State of Texas, County of Harris, as may be designated by the Board of Directors.

**ARTICLE II
Definitions**

- Section 1. "Association" shall mean and refer to the CHARTERWOOD COMMUNITY IMPROVEMENT ASSOCIATION, its successors and assigns.
- Section 2. "Properties" shall mean and refer to that certain real property described in the Declarations of Covenants, Conditions, and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- Section 3. "Lot" shall mean and refer to any plot of land shown on any recorded subdivision map of the Properties.
- Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title of any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation and those having only an interest in the mineral estate.
- Section 5. "Declarations" shall mean and refer to the several "DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS" applicable to the Properties, recorded in the Office of the County Clerk of Harris County, Texas. Current Declarations involved in the Association are for Sections One through Five.

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Section 6. "Member" shall mean and refer to those persons entitled to membership as provided in the Declarations and the Article of Incorporation of the Association.

Section 7. "Entitled to vote" shall mean and refer to the qualification and enabling of the right to vote given to Members and Owners by the Declarations and the Articles of Incorporation, tied to the ownership of one or more Lots, and which entitlement automatically ceases upon transference of the ownership of such Lot or Lots.

Section 8. "Entitled to cast a vote" shall mean and refer to the right and ability of a Member to vote in a meeting of the Members by being physically present at the meeting and to the right and ability of a Member to appoint a representative to vote by proxy. should such appointment be rendered pursuant to the requirement expressed in Article III, Section 4 of these Bylaws and the proxy representative be physically present and properly registered with the Secretary. Pursuant to the Texas Non-Profit Corporation Act, Art. 1396-2.13, subsection A. a Member's ability to cast a vote may be temporarily denied by provisions of the Association's Articles of Incorporation or these By-Laws.

Section 9. "In good standing" shall mean and refer to all Members unless the Member shall be in default on the annual assessment which shall automatically suspend the Member's right to vote. or if the Board shall have temporarily suspended a Member's right to cast a vote and the ability to have the use of common properties and facilities. due to violation of published rules or regulations by the Member. Such act by the Board must be made by a majority of the Directors voting to do so. under authority of Article VIII, Section 1, subsection "a" of these Bylaws.

Section 10. "Regular Assessment" shall mean an assessment, charge, fee, or dues that each owner of property within a subdivision is required to pay to the Association on a regular basis and that are to be used by the Association for the benefit of the subdivision in accordance with the original, added, or modified restrictions.

Section 11. "Special Assessment" means an assessment, charge, fee, or dues that each owner of property within a subdivision is required to pay to the Association after a vote of the membership, for the purpose of paying for the costs of capital improvements to the common areas that are incurred or will be incurred by the Association during the fiscal year. A special assessment may be assessed before or after the Association incurs the capital improvement costs.

Section 12. "Governing documents" of the Association shall include applicable Texas statutes, the Declarations, Articles of Incorporation and Bylaws of the Association.

ARTICLE III Meeting of Members

Section 1. Annual Meetings. Beginning in 1991, an Annual meeting of the Members will be held during the afternoon of the third Sunday in September, starting at 1:00 P.M. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the same day one week following which is not a holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at anytime by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the membership. Upon the petition by presentation of such written request, the President or the Board shall call the special meeting within a reasonable time allowing for preparation and mailing of proper notice per Section 3 of this By-Law article.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members in good standing either in person or proxy representing one-tenth (1/10) of the votes of Members who are entitled to vote, i.e., currently 58 votes, shall constitute a quorum for any action except as otherwise provided in the Texas Non-Profit Corporation Act, the Articles of Incorporation, the Declarations, or these By-laws. If the Members entitled to cast a vote thereat determine that a quorum is not present, they shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. If a quorum is not established at the meeting within a two hour period, the Members entitled to vote shall adjourn the meeting, and a new date shall be set to reconvene, with notice again being required per Section 3 preceding.

Section 5. Proxies. At all meetings of the Members, each Member in good standing may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Each proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Rules of Order. At all meetings of the Members, all business shall be conducted under Robert's Rules of Order-Revised.

ARTICLE IV Board of Directors

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) Directors, who must be Members of the Association.

Section 2. Term of Office. Directors shall be elected for a term of two (2) years. At the 1989 Annual Meeting, five (5) Directors shall be elected; the three (3) Directors receiving the highest number of votes at the 1989 Annual Meeting shall serve until the 1991 Annual Meeting and the remaining two (2) Directors shall serve until the 1990 Annual Meeting. Commencing with the 1990 Annual Meeting, two (2) Directors shall be elected for a term of two (2) years in even numbered years and three (3) Directors shall be elected for a term of two (2) years in odd numbered years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by majority vote of the Members of the Association during a meeting of the Members. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the Board to serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association; however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties. No loans shall be made to any officer, director, employee, member, agent or contractor for any purpose. No officer, director, manager or managing agent, independent contractor, or contracted employee or member shall be the recipient of a pension from the Association.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of a majority of the Directors. Any action so approved shall be placed on the agenda of the next Board meeting, and the written approvals attached to the minutes of the meeting.

ARTICLE V

Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two(2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from Members of the Association.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these By-Laws, the Declarations and the Articles of Incorporation. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Recall. Upon the petition of the Members to the Board as specified in Article III, Section 2, a special meeting providing for the recall from election of any Director or officer for cause or malfeasance in office will be called. The recall election shall be conducted by secret written ballot under the procedure of Section 2 of this Article, and a majority of the quorum must cast votes in favor of recall to effect removal from office.

ARTICLE VI Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly with notice being placed in the Association's newsletter when published, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a holiday. An agenda of meeting shall be posted in public view in front of 9818 Rodgers Road at least three (3) days prior to commencement of meeting.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Chair. The President, or the Vice President in the President's absence, shall preside at the meetings of the Board of Directors, and as the Chair, will vote only in the case of a tie vote.

Section 5. Open Meetings. The meetings of the Board of Directors will be conducted as open meetings. Executive sessions (closed to public) shall be convened only to consider sensitive information regarding matters in litigation or pertaining to matters of privacy of individual members.

ARTICLE VII
Powers and Duties of the Board of Directors

Section 1. Powers. All powers, duties, and authority vested in or given to the Association by present or future statutory laws are reserved to the membership and shall remain the express and exclusive right of the Members, unless expressly delegated to the Board of Directors in these bylaws, the Articles of Incorporation, or the Declarations. The Board of Directors shall have power to:

- a) suspend the voting rights of and the use of common areas by a Member after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- b)
 - i) fix and collect the amount of all payments, fees, and charges for the use or rental of the common areas, plus attributable operational costs of the common areas;
 - ii) uniformly assess additional service charges for community services in excess of the established regular and special assessments, after presentation to the Members at the annual meeting for their approval. A majority of a quorum of Members present must approve such proposed charges prior to the imposition and collection of the revenues;
- c) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

- d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties. The Board shall verify that any independent contractor has insurance to indemnify the Association's liability. The Board shall state in any contract that the manager, contractor, or employee is employed by the Association, and for the benefit of the Association and its Members. The Board may also make such contracts and incur liabilities, within the limits expressed by budget approval, as considered necessary for the operation of the subdivision and the property owner's association;
- e) make additional improvements to the common area if funding is pre-approved in the annual budget or supported by Member- approved special assessments, or is an approved budget expenditure from a building reserve fund; and
- f) institute, defend intervene in, settle, or compromise litigation or administrative proceedings in a court of jurisdiction on matters affecting the subdivision.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- a) submit and present to the Members for their acceptance and approval, a budget for the next fiscal year enumerating all existing funds and accounts with projected account or fund balances at the beginning of the fiscal year, plus all sources of revenues, expenditures, funding of reserves, and a projected balance of all accounts and funds that will be present at the end of the projected fiscal year; cause to be kept a complete record of all its acts and corporate affairs and to present to the Members for their review a statement thereof, plus an audit of the prior fiscal year performed by a certified public accountant, at the next annual meeting or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- b) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

- c) as more fully provided in the Declarations, to:
 - i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - iii) foreclose the lien against any property for which assessments are not paid within a reasonable time after due date or to bring an action at law against the Owner personally obligated to pay the same;
- d) issue, or cause an appropriate officer to issue, upon demand by any Owner or Owner's agent, a certificate setting forth whether or not any assessment has been paid; a reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- f) cause the Association to provide all officers having fiscal responsibilities with an appropriate bond and to carry directors and officers liability insurance. Further, to require that all contracted employees having fiscal responsibilities be bonded as a part of the contract.
- g) maintain all records and reports as may be required by the State of Texas and other governmental agencies, filing the same upon the request of the Secretary of State or other State or Federal authorities;

- h) maintain the proper documentation and filing of the name of the Registered Agent and address of the Registered Office of the Association with the Secretary of State in order to prevent the default of the Association as a non-profit corporation chartered by the State of Texas;
- i) enforce the deed restrictions to regulate the use, maintenance, modifications, appearance and repair of the homes and the properties within the subdivisions;)
- j) allocate excess assessments and funds over expenses to a reserve fund at the end of each fiscal year. Expenditures from the Reserve Fund shall require the express approval of a majority of a quorum of the Members at the membership meeting: and
- k) publish rules, regulations, and changes in Association policy in a newsletter distributed to owners and residents of Charterwood , as well as post rules and regulations at the principal office of the Association for a period of not less than five (5) weeks.

ARTICLE VIII Officers and Their Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice President, who shall, at all times, be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may, from time to time, by resolution create. Those officers, whether elected or appointed, who are not a Director on the Board shall not have a vote.

Section 2. Election of Officers. The election of officers by the Board shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. No two members of the same family or household may be elected or appointed as officers serving simultaneous terms.

Section 3. Term. Each officer of this Association shall be elected annually by a majority vote of the Board and shall hold office for one (1) year, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for no more than one year with the term automatically ceasing at the time of the annual election of officers, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces. Such appointment as an officer shall in no way be tied to the concurrent appointment of a person as a Director to fill a vacancy on the Board.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the Officers are as follows:

- a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes. The President shall verify by a notarized signature any report required by the Secretary of State or other authorities, and file the required report with the Texas Secretary of State or other agencies, in compliance with the Texas Non-Profit Corporation Act or other law(s).
- b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

- c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; after the Association fixes a record date for the notice of meeting, the Secretary shall maintain the voting members list; keep addresses, and shall perform such other duties as required by the Board. In addition, the Secretary shall prepare any report required by the Texas Secretary of State or other agencies, under the provisions and requirements of the Texas Non-Profit Corporation Act or other law(s) and submit the report for verification and filing by the President.
- d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, if such expenditure or disbursement is included in the annual budget previously approved by the Members; shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year for submission to the Members for their consideration and review; and shall prepare a statement of income and expenditures to be presented to the membership for their acceptance at its annual meeting, and deliver a copy of each to the Members. The Treasurer shall prepare a budget for the next fiscal year and submit it to the Members at the annual meeting of each year for their approval for use by the Board of Directors when collecting revenues, funding reserves, and making disbursements of funds.

ARTICLE IX Committees

Section 1. The Board of Directors shall appoint or be the Architectural Control Committee, as provided in the separate Declarations and shall:

- a) exemplify and extend restrictive provisions pertaining to architectural control, implement written architectural guidelines for use by the Committee and property owners in new construction, or

maintenance and repair of existing constructions on property in the subdivision to convey on-going and customary practices established through the years and necessary building codes deemed acceptable and desirable;

- b) modify the guidelines as conditions and needs change, providing that modifications stay in conformity with the provisions of the Declarations.

Section 2. The Board of Directors shall appoint a Nominating Committee, as provided in these Bylaws.

Section 3. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its duties or purpose.

Section 4. The Board may not escape or circumvent its responsibilities or duties by appointing a committee to accomplish its assigned tasks, unless such committee shall be composed in the majority by Directors, in compliance with the Texas Non-Profit Corporation Act.

ARTICLE X

Books and Records

The books, records, and papers of the Association shall, at all times, during reasonable business hours, be subject to inspection by any Member. The Declarations, the Articles of Incorporation, and the By-laws of the Association shall be available for inspection by any Member at the principle office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

Assessments

Section 1 As more fully provided in the Declarations, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at an annual rate of 12%. The Association may bring action at law against the Owner

personally obligated to pay the assessment or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

Section 2. Late Charges. In addition to all other charges, the Association is authorized to charge a late charge on any amount that is not paid within thirty (30) days of its due date. The purpose of the late charge is to reimburse the Association for the administrative expense and trouble associated with its internal bookkeeping, management, and interface with the owner and its own attorneys prior to and after the time that the matter is handed to an attorney for collection. The Board of Directors, by a majority vote, shall set the amount of the late fee, after reviewing the average cost borne by the Association for each month in which it must deal with delinquencies, overall. The late fee may be charged only once on each amount delinquent.

Section 3. Returned Check Charges. The Board of Directors, shall collect reimbursement for all costs associated with returned checks. The reimbursement charged shall be equal to the actual cost incurred by the Association.

ARTICLE XII **Corporate Seal**

The Association shall have a seal in circular form having within its circumference the words: CHARTERWOOD COMMUNITY IMPROVEMENT ASSOCIATION.

ARTICLE XIII **Amendments**

Section 1. The By-laws may be amended, at a regular or special meeting of the Members, by a two-thirds (2/3) vote of a quorum of Members present in person or by proxy. The Board of Directors shall present any amendments proposed by publishing such proposed amendments in the Association newsletter prior to a meeting in conjunction with the notice of a meeting of the Members.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declarations and these By-Laws, the Declarations shall control. If a By-law shall be contrary to any law, it is automatically invalid.

Section 3. The right to adopt and amend the Bylaws of the Association shall continue to be the express and exclusive right of the Members voting to do so in an annual meeting of the Members or a special meeting of the Members convened for the purpose of adopting and amending the Bylaws.

Section 4. The right to approve the adoption or amendment of all budgets for all revenues, expenditures, and funding of reserves is hereby reserved expressly to the Members in the annual meeting, or a special meeting for the purpose of that approval. Discretionary authority is granted to the Board of Directors to alter the budget in case of emergency situations of equipment failure or maintenance of common area, or occurrence that would put the Association in a liable position.

Section 5. Any costs of preparing, recording, or filing amendments to the Association Documents shall be borne by the Association and said costs shall come out of the general fund.

ARTICLE XIV
Miscellaneous

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

ARTICLE XV
Annexation of Additional Sections

Pursuant to the provisions of the Declarations, the Association may annex additional Sections of Charterwood into the Association, or merge with other Associations within the Charterwood subdivision, providing each of the Sections or Associations to be annexed have in their Declarations applicable provisions pertaining to the imposition of annual maintenance assessment on the properties matching the requirements and limits set on the properties in the Declarations of Sections One through Five, by obtaining the consent of 2/3 of the Members of the Association.

ARTICLE XVI
Powers of the Association

Section 1. The Association, pursuant to the provisions of the Declarations of the various sections within the Association, may amend the restrictive covenants by obtaining verified signatures of property owners equal to a simple majority of each section.

Section 2. The Board of Directors, as appointed by the Membership, shall conduct the day-to-day affairs of the Association. The Board of Directors, however, may only exercise those powers expressly granted to it; all remaining powers remain vested in the membership.

I, the undersigned, attest that the foregoing is a true and correct restatement of the By-Laws as amended by a two-thirds (2/3) majority of the Members in a valid quorum of Members present or represented by proxy at the Special Meeting on July 19, 1998.

Patricia T. Costello

Patricia T. Costello, Charterwood Community Improvement Association Secretary

STATE OF TEXAS §

§

COUNTY OF HARRIS §

Before me, a notary public, on this day personally appeared Patricia T. Costello, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Given under my hand and seal of office this 14 day of September A.D., 1998.

Brenda L. Peterson

seal

Notary Public, State of Texas

My commission expires: 6/13/2000

